

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05  
CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04  
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FM USMISSION OECD PARIS  
TO SECSTATE WASH DC 4694  
INFO AMEMBASSY BELGRADE  
USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 37125

E.O. 11652: GDS  
TAGS: OECD, YO, CIEC  
SUBJECT: VISIT TO OECD OF YUGOSLAV VICE PRESIDENT

1. SUMMARY: YUGOSLAV VICE PRESIDENT SEFER VISITED OECD ON NOVEMBER 29, COMING TO PARIS EXPRESSLY FOR THE PURPOSE. HE EXPRESSED CONCERN AT (A) POSSIBLE RADICALIZATION OF SENTIMENT AMONG DEVELOPING COUNTRIES IN CONTEXT OF NORTH/SOUTH DIALOGUE, (B) THE DANGERS ANOTHER ECONOMIC RECESSION WOULD POSE FOR HIS COUNTRY, AND (C) HE MADE A FEW POINTS ABOUT YUGOSLAV RELATIONS WITH OECD AS AN INSTITUTION. HE HAD NO MAJOR POLICY SUGGESTIONS, AND HIS VISIT SEEMED DESIGNED TO STRENGTHEN RELATIONS IN A RELATIVELY LOW-KEY WAY WITH A WESTERN ECONOMIC INSTITUTION WITH WHICH YUGOSLAVIA ALREADY MAINTAINS LINKS. END SUMMARY.

2. ON NOVEMBER 29 YUGOSLAV VICE PRESIDENT BERISLAV SEFER VISITED OECD. WE UNDERSTAND HE IS ONE OF FOUR VICE PRESIDENTS AND HAS RESPONSIBILITIES FOR ECONOMIC AFFAIRS, INCLUDING FOREIGN ECONOMIC RELATIONS. HE MET WITH SECGEN VAN LENNEP AND SUBSEQUENTLY LUNCHEDED WITH VAN LENNEP TOGETHER WITH OTHER SENIOR MEMBERS OF THE SECRETARIAT (WOOTTON, ELDIN, MACCHIA, MARRIS). WHILE THE SECRETARIAT HAS NOT PRODUCED AN OFFICIAL NOTIFICATION OF THE MEETING, MISSION HAS BEEN BRIEFED BY  
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WOOTTON AND (IN FULLER DETAIL) BY MACCHIA.

3. SEFER SAID HE HAD COME TO PARIS EXPRESSLY TO VISIT THE OECD, AND THAT HIS CALL WAS NOT INCIDENTAL TO OTHER MEETINGS. HIS COMMENTS FELL IN FOUR GENERAL CATEGORIES: (1) NORTH/SOUTH, (2) YUGOSLAV CONCERN OVER THE DOMESTIC IMPLICATIONS OF ANOTHER RECESSION, (3) YUGOSLAV STATUS AS A POLITICALLY NON-ALIGNED LDC IN EUROPE, AND (4) TECHNICAL QUESTIONS INVOLVING OECD.

4. NORTH/SOUTH: SEFER SAID THAT AT LAST SUMMER'S NON-ALIGNED CONFERENCE AT COLOMBO, YUGOSLAVIA HAD DONE ITS BEST TO SUPPORT THE MODERATES VIS-A-VIS THE EXTREMISTS. HOWEVER, HE FEARED THAT AT THE NEXT MEETING OF THE NON-ALIGNED CONFERENCE A MOVEMENT TOWARDS THE MORE RADICAL POSITION WOULD DEVELOP. THIS TENDENCY WOULD PERHAPS BE FACILITATED WITH CUBA IN THE CHAIR. SEFER THOUGHT THAT A CHANGE OF THE GENERAL CLIMATE OF NORTH/SOUTH RELATIONS SHOULD ENSUE IF RADICALIZATION WERE TO BE LIMITED. YUGOSLAVIA SAW NO RESULTS TO DATE IN CIEC. SEFER THOUGHT THIS FACT SHOULD BE RECOGNIZED BY MINISTERS, AND A "PRISE DE CONSCIENCE" SHOULD OCCUR ON THE PART OF THE DEVELOPED COUNTRIES WHICH SHOULD LEAD TO A COMMON EFFORT TO FIND SOLUTIONS. (NOTE: AT THE TIME OF THIS CONVERSATION SEFER WAS URGING THAT THE DECEMBER MINISTERIAL FOR CIEC TAKE PLACE AS SCHEDULED. SUBSEQUENTLY THE YUGOSLAV PERMREP TOLD MACCHIA THAT THE GOY HAD DECIDED NOT TO INSIST ON THE CONFERENCE IN DECEMBER, A DECISION WHICH HAD BEEN TAKEN BY THE CABINET "WITH A CERTAIN NUMBER OF DIFFICULTIES".)

5. YUGOSLAV DOMESTIC ECONOMIC SITUATION: SEFER DESCRIBED THE IMPACT OF THE RECESSION ON YUGOSLAVIA AS HAVING BEEN VERY SERIOUS. AMONG OTHER THINGS, THE TRADE POSITION WITH WESTERN EUROPEAN COUNTRIES HAD DETERIORATED, AND THESE WERE THE COUNTRIES WITH WHICH YUGOSLAVIA HAD BUILT ECONOMIC COMPLEMENTARITY. THE CONSEQUENCES HAD BEEN VERY HARMFUL. YUGOSLAVIA HAD HAD TO TAKE VERY UNPLEASANT INTERNAL MEASURES, AND WHILE SOME RESULTS HAD BEEN ACHIEVED, THE SITUATION

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WAS NOT YET STABILIZED. SEFER SAID THAT ONE POINT WAS CERTAIN; YUGOSLAVIA COULD NOT UNDERGO ANOTHER EXPERIENCE OF THAT KIND. HIS AUTHORITIES FEARED VERY MUCH A NEW CONJUNCTURAL DETERIORATION.

6. SEFER EMPHASIZED THE VALUE OF THE INDEPENDENCE AND SOVEREIGNTY OF YUGOSLAVIA TO EUROPE, BOTH POLITICALLY AND ECONOMICALLY. HE REFERRED TO THE

COMING VISIT OF THE EC TO BELGRADE AND SAID THAT THE  
COMMON COMMUNIQUE WOULD REPRESENT A GOOD POINT OF

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FEAE-00 /089 W

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C O N F I D E N T I A L SECTION 02 OF 02 OECD PARIS 37125

DEPARTURE FOR EXPRESSING PUBLICLY SOME OF THESE  
SENTIMENTS. HE SAID THAT YUGOSLAVIA WOULD SPEAK  
WITH THE EC AS A DEVELOPING NON-ALIGNED COUNTRY IN  
EUROPE (BELGRADE 7979, EC BRUSSELS 11610). HE  
CITED THE LANGUAGE OF THE HELSINKI CSCE ACCORD WHICH  
REFERRED TO COUNTRIES AT DIFFERENT STAGES OF DEVELOP-  
MENT AS OFFICIAL, ALBEIT IMPLICIT, RECOGNITION THAT  
YUGOSLAVIA IS A DEVELOPING COUNTRY. (MISSION WOULD  
APPRECIATE RECEIVING EC BRUSSELS 12150 REPORTING THE  
BELGRADE MEETING.)

7. SPECIFIC YUGOSLAV/OECD QUESTIONS: SEFER EXPRESSED  
SATISFACTION WITH ASSISTANCE TO HIS COUNTRY UNDER THE  
AEGIS OF TECO (COMMITTEE ON TECHNICAL COOPERATION).  
HE PAID GENERAL TRIBUTE TO THE OBJECTIVITY OF THE OECD  
SECRETARIAT. HE ASKED IF THE OECD PUBLICATION WHICH  
CONTAINED YUGOSLAVIA'S LAWS ON FOREIGN INVESTMENT  
COULD BE REVISED AND REISSUED SINCE IMPORTANT LEGAL  
CHANGES HAD TAKEN PLACE SINCE ITS PUBLICATION (NOTE:  
FOREIGN INVESTMENT IN YUGOSLAVIA WAS UPDATED IN 1974

FOLLOWING ITS INITIAL ISSUE IN 1970), AND HE SOUGHT SOME COOPERATION ON "CADRE" (BY WHICH HE MEANT HE WANTED SOME YUGOSLAVS ON THE OECD SECRETARIAT).

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8. IN RESPONSE VAN LENNEP NOTED SEFER'S COMMENTS ABOUT YUGOSLAV/OECD COOPERATION, SAID HE WAS OPEN TO ALL SUGGESTIONS AND WOULD CONSIDER THE SPECIFIC REQUESTS THAT SEFER HAD MADE. ON THE ECONOMIC SITUATION, VAN LENNEP REFERRED TO THE STRATEGY FOR NON-INFLATIONARY GROWTH WHICH THE OECD MINISTERS HAD SET FORTH IN JUNE, AND HE COMMENTED ON THE NECESSITY FOR THE ASSUMPTION OF RESPONSIBILITIES BY ALL COUNTRIES IN THE MANAGEMENT OF INTERDEPENDENCE. (HE DID NOT SPECIFICALLY MENTION RESPONSIBILITIES OF OPEC COUNTRIES IN AVOIDING ANOTHER ECONOMIC DOWNTURN.) WITH REGARD TO THE NORTH/SOUTH DIALOGUE VAN LENNEP COMMENTED THAT THERE WERE NOT SIMPLY TWO GROUPS OF COUNTRIES, DEVELOPED AND DEVELOPING, BUT ALSO AN INTERMEDIATE CATEGORY OF COUNTRIES IN TRANSITION. THE OECD WAS JUST BEGINNING THE TASK OF DEFINING A CONCEPT ON WHAT SHOULD BE DONE VIS-A-VIS THE DEVELOPING COUNTRIES. AS TO CIEC, VAN LENNEP AGREED THAT RESULTS TO DATE HAD BEEN LACKING. HE COMMENTED THAT IN PART AT LEAST THIS STEMMED FROM THE FACT THAT CIEC HAD LACKED A NEUTRAL CHAIRMAN WITH SOME AUTHORITY AND A SECRETARIAT, AND IN THE ABSENCE OF SUCH AN INSTITUTIONAL STRUCTURE IT HAD BEEN DIFFICULT TO MOVE BEYOND NATIONAL POSITIONS. HE ALSO COMMENTED THAT THE REALLY POOR COUNTRIES WERE NOT PRESENT AT CIEC.

9. COMMENT: WE FIND THIS VISIT INTRIGUING SINCE WHAT SEFER SAID DID NOT ALTOGETHER EXPLAIN A VISIT EXPRESSLY MADE TO THE OECD AT SUCH A LEVEL. SEFER'S BASIC MESSAGE WAS NOT SURPRISING IN ITSELF. YUGOSLAVIA CLEARLY SEES ITSELF AS A MEMBER OF THE DEVELOPING WORLD AND HIS INDICATION OF THE IMPORTANCE OF CONCESSIONS FROM THE INDUSTRIALIZED COUNTRIES IN THE NORTH/SOUTH DIALOGUE WAS GENERALIZED AND LACKING IN SPECIFICS. SIMILARLY, HIS DESCRIPTION OF THE PREDICAMENT YUGOSLAVIA WOULD FACE IN ANOTHER RECESSION WAS NOT FOLLOWED BY ANY PARTICULAR POLICY SUGGESTIONS OR REQUESTS. IN FACT, ASIDE FROM A FEW RATHER MINOR POINTS INVOLVING RELATIONS WITH THE OECD HE DID NOT ASK FOR ANYTHING. IT MAY BE THAT THE VISIT SHOULD BE SEEN IN THE CONTEXT OF GISCARD'S RECENT VISIT TO

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BELGRADE AND OF THE YUGOSLAV/EC MEETING IN BELGRADE  
WHICH FOLLOWED RIGHT AFTER SEFER'S VISIT HERE.  
GENERALLY, IT LOOKS AS THOUGH THE GOY FELT IT USEFUL  
TO STRENGTHEN RELATIONS WITH AN ECONOMIC INSTITUTION  
OF THE WEST (WITH WHICH IT ALREADY HAS LINKS) IN A  
LOW-KEY, RELATIVELY NON-POLITICAL WAY AT A TIME OF  
MOUNTING DOMESTIC AND INTERNATIONAL UNCERTAINTIES.  
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